

Opportunity Zones Transparency Extension and Improvement Act

Representatives Mike Kelly (R-PA-16), Dan Kildee (D-MI-08), Carol Miller (R-WV-01), and Terri Sewell (D-AL-07)

The Opportunity Zones tax incentive was established to drive capital to underserved and historically overlooked communities across the country. The policy is already beginning to fulfill its promise as Congress envisioned, spurring investment into projects like affordable and workforce housing, innovative new businesses, and commercial space for first-time entrepreneurs in low-income places nationwide. As the country continues to recover from the effects of the pandemic, now is the time to further strengthen the policy so it can be an even more effective tool for economic recovery in these communities.

Representatives Kelly and Kildee, along with Representatives Miller and Sewell, propose a series of improvements to the Opportunity Zones policy to further their shared vision for the program to catalyze funding to these communities and level the economic playing field for their residents.

This bipartisan legislation would:

- **Extend the incentive for two years in order to facilitate continued investment.** It took the Treasury Department nearly two years to issue final regulations governing Opportunity Zones, during which time many investors and stakeholders stayed on the sidelines awaiting clear rules for the policy. Extending the policy by an equal amount of time will help investors and communities fully use the tool as Congress intended.
- **Reinstate and expand reporting requirements.** The original legislation that created Opportunity Zones, the *Investing in Opportunity Act (IIOA)*, included reporting requirements that were stripped out in the 2017 tax law due to procedural rules. Reinstating these requirements will promote transparency, ensure the program is operating as intended, and allow for the tracking of long-term outcomes in designated communities.
- **Early sunset Opportunity Zones that are not impoverished.** While the vast majority of census tracts designated as Opportunity Zones are truly impoverished areas, a small number of non-low-income communities were designated as OZs. The legislation would sunset the Opportunity Zone designation for any tracts with a median family income (MFI) at or above 130 percent of national MFI, and provide states with flexibility to further sunset additional zones. States would be able to replace the sunset zones one-for-one with eligible high-need communities.
- **Create pathways for smaller-dollar impact investments.** By allowing Qualified Opportunity Funds to be organized as a "fund of funds" that may invest in other QOFs, smaller communities and projects will receive the financing they need.
- **Provide operating support and technical assistance to high-poverty and underserved communities through a State and Community Dynamism Fund.** Flexible grants will help states drive private and public capital to underserved businesses and communities.
- **Designate certain brownfield tracts as OZs.** Allowing the designation of zero population, formerly industrial brownfield census tracts that are adjacent to a currently designated Opportunity Zone tract will encourage the redevelopment and revitalization of these former centers of economic development and provide new opportunities for the surrounding communities.